GOVERNMENT OF INDIA
LAW , JUSTICE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:4787
ANSWERED ON:24.08.2000
NON-RETURN OF DEPOSIT BY KIFL
DR. KIRIT SOMAIYA

Will the Minister of LAW , JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Department of Company Affairshas received complaint from Member of Parliament and Investors Association regarding non-payment of deposits by KIFL;

(b) if so, the details thereof alongwith the number of depositors and total amount involved therein;

(c) the action taken by the C.L.B. in this regard;

(d) whether the promoter of the company are obeying the C.L.B. orders; and

(e) if not, the reasons therefor and the action taken against such company ?

Answer

THE MINISTER OF STATE FOR THE MINISTRY OF INFORMATION & BROADCASTING AND MINISTRY OF LAW, JUS COMPANY AFFAIRS (SHRI ARUN JAITLEY)

(a) & (b) : The company is a Non-Banking Finance Company and is regulated by the Reserve Bank of IndiaAct, 1934 and guidelines made thereunder.

The Company Law Board, which is a quasi judicial body set up under section 10(E) of the Companies Act, 1956, has received complaints from Members of Parliament, Investors` Association and individual investors regarding non-repayment of deposits by KIFL.As on 11.02.2000, the Company Law Board had received 1872 applications complaining of non-repayment of deposits aggregating to an amount of Rs. 340 lakh.

(c) : The Company Law Board has after affording an opportunity to all depositors by public notice and after hearing the company, Reserve Bank of India, Bangalore, Registrar of Companies, Bangalore, Consortium of Banks, Several Investors Associations and individual investors passed an order under section 45QA of the Reserve Bank of India Act, 1934 on 21.03.2000 rescheduling the repayment of deposits.

(d) & (e) : The Company has preferred an appeal before the High Court of Karnataka vide M.F.A. No. 2030 of 2000 seeking certain modifications in the order passed by the Company Law Board.Separately Bank of India and United Western Bank have obtained an interim stay on the Order of the Company Law Board from the Hon`ble High Courts of Madras and Karnataka respectively.